Balancing Economic and Environmental Values

U. S. Army Corps of Engineers
Economic and Environmental Conference

New Orleans, LA. July 16, 2002

G. Edward Dickey, Ph.D.

Balancing Economic and Environmental Values

The COE's greatest challenge in the face of:

Naïveté

&

Intellectual & Institutional

Challenges

Naïve Expectations

- How can we get the Corps maximize both economic and Environmental Benefits? (Question--Senate Environment and Public Works Committee Hearing, June 18, 2002)
- "It is the intent of Congress that economic development and environmental protection and restoration be co-equal goals of water resources planning and development" (S. 1987, To provide for reform of the Corps of Engineers….)

No Tradeoffs Wanted

- “The majority of panelists... criticized the Corps’ reliance on economic tradeoffs to determine the acceptable mitigation alternatives...”
- “...[R]eliance on [P&G] interferes with the current thinking, which emphasizes selecting the least damaging alternative....”

(Scientific Panel’s Assessment of Fish and Wildlife Mitigation Guidance , GAO Report 02-574)

Institutional Obstacles

- Desire for structural solutions
- Non-federal sponsors
- Local vs.. national perspective

Present Realities

- Increasingly sophisticated critics
- Well publicized critiques
- Change is essential

What needs to change?

- Improve the quality of analysis
  - Update the Guidelines--both Standards and Procedures
  - Centers of expertise
  - Take advantage of outside expertise at the beginning of a study
- Re-institute effective internal review

A "co-equal" environmental quality objective?

- No theory of value (unlike economics)
- National perspectives already reflected in environmental laws
- Local perspectives reflected in public participation
- P & G has flexibility for full consideration
- Not helpful!

Specific ways to improve the quality of analysis

- Demand management for inland navigation and water supply planning
- Regional port analysis for coastal navigation projects
- Quantify opportunity costs of environment services to be gained or lost
  - credible monetization of all impacts is not doable
- Seek the advice of experts from the start!

Effective internal review has many benefits

- Provides a national perspective on environmental values
- Ensures credibility of analysis
- Increases likelihood of budgetary support
- Effectively responds to critics

Conclusions

- The Corps greatest assets are:
  - Its planning framework
  - Its planners
- Success requires full use of both!